



City Councilmember
Carl DeMaio

News Release

DeMaio Offers Alternative to Proposed Water Rate Increase

Releases White Paper Documenting Wasteful Spending in City Utilities Department and Related Water Agencies

FOR IMMEDIATE RELEASE:
Wednesday, September 8th, 2010

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SAN DIEGO – On the same day that the Mayor proposed yet another increase to San Diego's water rates (for a total increase of 65% since 2007) Councilmember DeMaio released a white paper highlighting numerous examples of increased spending in the city's Utilities Department and outlined several steps to help curb costs within the City's Utility department. The average resident's water bill has gone from \$43.13 in 2007 to a projected \$71.24 in 2011.

"This proposed water rate increase is absolutely unnecessary -- and can be avoided if the Mayor and City Council act now to eliminate wasteful spending within the budgets for our city, County and regional water agencies," DeMaio noted.

DeMaio's White Paper casts doubt on the often repeated mantra that the water rate increase is an unavoidable "pass through" of increased costs for imported water. In fact, the report outlines several disturbing expenditures and financial practices showing that out of control labor costs in water agencies are contributing to the higher water rates being forced on working families and businesses.

- **More Staff:** While other organizations are cutting staff in this economy, the City's Utility Department has consistently added staff transferred from the City's General Fund.
- **Higher Compensation:** On top of more employee transfers, the City's Utility Department is paying more for those employees on a per-person basis. In the past year, costs per worker increased \$5,759 (or 6.59%) – from \$87,439 in FY2010 to \$93,198 in FY '2011.
- **More Bonuses:** The city continues the flawed "Bid to Goal" program, despite an independent performance audit that found \$28 Million in unsubstantiated bonuses have been awarded since 2006.
- **Increased Administration Costs:** At the County Water Authority, administrative staffing has also increased – and the average cost per position rose from \$105,934 in FY 2005 to a whopping \$139,300 per position this year.
- **Outside Report Critical of MWD Costs:** A recent report by the Vice Chair of IROC found that the level of employee compensation at MWD also requires reform, revealing that – **"MWD...provides a guaranteed annual salary increase, two pensions, and a vested employer financed retiree medical plan."**

DeMaio outlined a number of cost saving reforms to fix the problems uncovered in his report – and called on the Mayor and City Council to act immediately. "At a time when working families are already struggling financially, city leaders must tighten the budget and spend existing water funds more wisely rather than raising rates yet again," urged DeMaio.

To view the full white paper please visit: <http://www.sandiego.gov/citycouncil/cd5/news/>

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